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**PICKLE  
CROW  
GOLD  
MINES  
LIMITED**

THIRTY-SECOND ANNUAL REPORT

1965





# PICKLE CROW GOLD MINES LIMITED

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<i>directors</i>	SIR MICHAEL BUTLER, Bt., York Mills, Ontario N. B. KEEVIL, Port Credit, Ontario C. G. MACINTOSH, Toronto, Ontario J. B. ANDERSON, Islington, Ontario J. H. WESTELL, Islington, Ontario
<i>officers</i>	N. B. KEEVIL, President C. G. MACINTOSH, Vice-President J. B. ANDERSON, Vice-President SIR MICHAEL BUTLER, Bt., Secretary D. S. BROWN, Treasurer
<i>mine manager</i>	G. A. VARY
<i>head office</i>	Suite 1000, 11 Adelaide Street West, Toronto, Ontario
<i>mine office</i>	Pickle Crow, Ontario
<i>transfer agents and registrars</i>	CROWN TRUST COMPANY, Toronto, Ontario EASTERN & CHARTERED TRUST COMPANY, Montreal, P.Q. BANKERS TRUST COMPANY, New York, N.Y., U.S.A.
<i>auditors</i>	MCDONALD, CURRIE & Co., Toronto, Ontario
<i>annual meeting</i>	June 30, 1966, 10:30 a.m. (Eastern Daylight Saving Time) 11th Floor, Board of Trade Building 11 Adelaide Street West, Toronto, Ontario



## *Report of the Directors*

To the Shareholders:

Presented herewith is the 32nd Annual Report covering operations for the year ended December 31, 1965. Statements of earnings, financial position and mine operations are given in detail in their respective reports.

The problems relative to operations of a remote area gold mine were outlined in last year's report. In the 1965 year costs of materials and services continued to rise and while there was some improvement effected in the labour supply and production output as a result of changes and improvements made during the year, operations still showed a loss.

For the year ended December 31, 1965, 105,854 tons were milled (the best production rate of the past three years) with bullion production amounting to \$1,260,073 or a gain of 21% over the previous year. However, operating expenses increased by \$242,322 to \$1,668,180 and after deducting cost-aid of \$342,208, net operating loss was \$65,899 and net loss after write-offs \$227,466. This compares with an operating loss of \$108,480 and a net loss of \$324,192 in 1964.

It is now evident that present high cost operating conditions against a fixed price of \$35.00 U.S. funds per ounce for our product — gold — make it uneconomical to continue operations. As outlined in our special letter to shareholders on March 1st, your directors have decided that raising new funds for the major capital expenditures needed to deepen the shaft and open the next block of levels could not be justified under these conditions and the results experienced in the past three years. An orderly programme of mining out the developed ore and preparing the mine for a shut-down is now in operation and should be completed by late fall.

At the present period in our economic history, gold mines are inclined to be regarded by many with general disfavour or, if on a more kindly basis, as a group of tired old "hasbeens" existing through the kindness of a government "cost-aid" programme. However, looking back across a span of over thirty years of production operations, Pickle Crow can point to a record of achievement that many industrial and financial companies would be proud to claim.

Operations started in the depression year of 1935, when an expenditure of around \$700,000 placed the mine in production at an initial rate of 200 tons daily. In the ensuing 31 years over \$51,000,000 in gold was produced with \$20,500,000 going to employees in salaries and wages and \$19,500,000 being spent on supplies and equipment purchased from the manufacturing centres across Canada. In the same period shareholders received \$12,375,000 in dividends equivalent to \$3.65 per share. While in its later years Pickle Crow





received a total of \$3,500,000 under the Federal "cost-aid" programme, it is interesting to note that the company paid out \$3,500,000 in taxes.

When it is considered that the major part of this record was compiled in the pre-inflationary days before the 1950-60's, the figures assume even greater importance. The Pickle Crow operation has been an important contributor to the Canadian economy over the years, providing ever-needed foreign exchange for Canada and employment for thousands of citizens across the country.

Current operations are showing a modest operating profit as mine exploration and development costs have been eliminated. The funds generated from this work, together with further substantial amounts from the sale of plant and equipment, will give the company a good financial position to maintain itself as a mining exploration company. It is hoped that these efforts in future years will lead to the discovery of another new mine.

As the plan for shutdown proceeds, negotiations are being carried on with government officials for placement of our employees in other centres, a severance payment is being arranged and in many cases positions at other mines in the Keevil Mining Group will be available.

The directors again wish to express their appreciation to the staff and regular employees for their loyalty, co-operation and efforts during the past year.

On behalf of the Board,

N. B. KEEVIL

President.

June 2, 1966.

# PICKLE CROW GOLD

## Balance Sheet as at

### ASSETS

	1965 \$	1964 (for comparison) \$
<b>CURRENT ASSETS:</b>		
Cash .....	7,674	5,396
Bullion, at net realizable value .....	128,932	94,335
Accounts and interest receivable .....	19,758	41,551
Estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act .....	147,632	183,643
Marketable securities, at cost (quoted market value 1965 — \$62,500; 1964 — \$60,750) — pledged as collateral security on loan from an associated company .....	49,875	49,875
Prepaid insurance .....	9,456	13,325
	<u>363,327</u>	<u>388,125</u>
<b>MATERIALS AND SUPPLIES, at cost .....</b>	<b>345,714</b>	<b>390,051</b>
<b>INVESTMENTS:</b>		
Securities deposited for power contract, at cost .....	25,000	25,000
Associated companies —		
Shares and debentures, at cost .....	25,069	56,193
Advances .....	—	30,000
Wholly owned subsidiary (note 1) —		
Shares, at cost .....	10,862	10,862
Advances .....	752	1,062
	<u>61,683</u>	<u>123,117</u>
<b>FIXED ASSETS:</b>		
Buildings, plant and equipment, at cost .....	2,892,308	2,847,976
Accumulated depreciation .....	2,661,262	2,562,354
	<u>231,046</u>	<u>285,622</u>
Mining claims and properties, at cost (note 3) .....	2,152,134	2,153,163
	<u>2,383,180</u>	<u>2,438,785</u>
<b>DEFERRED EXPENDITURES:</b>		
Shaft sinking and development, at cost less amounts written off ..	148,539	206,300
Outside exploration and development, at cost (note 3) .....	209,930	209,930
	<u>358,469</u>	<u>416,230</u>
	<u><u>3,512,373</u></u>	<u><u>3,756,308</u></u>

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Pickle Crow Gold Mines Limited as at December 31, 1965 and the statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,  
Chartered Accountants.



# MINES LIMITED

December 31, 1965

## LIABILITIES

	1965 \$	1964 (for comparison) \$
<b>CURRENT LIABILITIES:</b>		
Bank loan .....	—	100,000
Loan from an associated company .....	75,000	—
Loan from wholly owned subsidiary .....	8,000	—
Accrued wages .....	43,423	26,272
Accounts payable and accrued liabilities .....	215,111	153,181
Unclaimed dividends .....	11,000	11,000
	<u>352,534</u>	<u>290,453</u>

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (note 2)

Authorized — 5,000,000 shares of \$1 each		
Issued —		
3,554,818 shares .....	3,554,818	3,554,818
Discount thereon — net .....	489,450	489,450
	<u>3,065,368</u>	<u>3,065,368</u>
<b>EARNED SURPLUS</b> .....	94,471	400,487
	<u>3,159,839</u>	<u>3,465,855</u>

Signed on behalf of the Board,

N. B. KEEVIL, Director.

J. H. WESTELL, Director.

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

<u>3,512,373</u>	<u>3,756,308</u>
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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1965

- The following information on the wholly owned subsidiary whose assets and liabilities and revenue and expenditure are not included in these statements is given in accordance with section 89 of The Corporations Act:
  - Consolidated statements have not been prepared because the subsidiary company's operations are not similar.
  - The subsidiary company had a profit of \$1,209 for the year ended December 31, 1965.
  - The undistributed profits of the subsidiary company since acquisition which have not been taken into the accounts of Pickle Crow Gold Mines Limited amount to \$7,228.
- An additional 544 shares of the company's capital stock may be required to be issued in connection with a stock dividend declared in 1959.
- It is the company's intention to shut down the mining operations at Pickle Crow during 1966. The amounts shown for mining claims and properties and outside exploration and development represents costs to date and are not intended to reflect present or future values.

# PICKLE CROW GOLD MINES LIMITED

## Statement of Profit and Loss For the Year Ended December 31, 1965

	1965 \$	1964 (for comparison) \$
<b>BULLION PRODUCTION</b> .....	<b>1,260,073</b>	<b>1,037,432</b>
<b>OPERATING EXPENSES:</b>		
Development .....	155,351	148,203
Mining .....	874,592	722,578
Milling .....	233,432	199,341
General mine expense .....	348,682	296,846
Administrative expense .....	56,123	58,890
	<b>1,668,180</b>	<b>1,425,858</b>
Estimated recovery under The Emergency Gold Mining Assistance Act .....	<b>342,208</b>	<b>279,946</b>
	<b>1,325,972</b>	<b>1,145,912</b>
<b>OPERATING LOSS FOR THE YEAR</b>		
before the following .....	<b>65,899</b>	<b>108,480</b>
Depreciation of buildings, plant and equipment .....	<b>98,908</b>	<b>122,300</b>
Amortization of shaft sinking and development costs .....	<b>63,655</b>	<b>95,058</b>
Surface exploration .....	<b>67</b>	<b>4,520</b>
	<b>162,630</b>	<b>221,878</b>
	<b>228,529</b>	<b>330,358</b>
<b>OTHER INCOME:</b>		
Interest .....	<b>1,063</b>	<b>6,166</b>
<b>NET LOSS FOR THE YEAR</b> .....	<b>227,466</b>	<b>324,192</b>

## Statement of Earned Surplus For the Year Ended December 31, 1965

	1965 \$	1964 (for comparison) \$
<b>BALANCE AT BEGINNING OF YEAR</b> .....	<b>400,487</b>	<b>788,052</b>
Less: Net loss for the year .....	<b>227,466</b>	<b>324,192</b>
Examination and exploration of new properties .....	<b>17,426</b>	<b>63,373</b>
Investment in and advance to associated company — written off .....	<b>61,124</b>	<b>—</b>
	<b>306,016</b>	<b>387,565</b>
<b>BALANCE AT END OF YEAR</b> .....	<b>94,471</b>	<b>400,487</b>

*The accompanying notes are an integral part of this statement and should be read in conjunction therewith.*



# PICKLE CROW GOLD MINES LIMITED

## Report on Operations

### PRODUCTION

During the year a total of 105,854 tons of ore was milled producing 33,304.87 fine ounces of gold and 2,474.39 fine ounces of silver. Total production amounted to \$1,260,073 — or a recovery of \$11.90 per ton milled. A comparison of milling results to that of the previous year is as follows:

	1965	1964
Tons milled .....	105,854	84,739
Ounces of gold recovered .....	33,304.87	27,440.98
Ounces of silver recovered .....	2,474.39	2,274.41
Ounces of gold recovered per ton .....	0.3146	0.3238
Percentage recovery .....	98.55%	98.40%

### OPERATING COSTS

Total operating costs amounted to \$1,668,180. This figure was reduced by \$342,208 cost aid to \$1,325,972 or \$12.53 per ton, leaving an operating loss of \$65,899. A comparative analysis of operating costs for 1965 and 1964 follows:

	1965	1964	Per ton ore treated		Per ounce ore recovered	
			1965	1964	1965	1964
Development .....	\$ 155,351	\$ 148,203	\$ 1.47	\$ 1.75	\$ 4.66	\$ 5.40
Mining .....	874,592	722,578	8.26	8.53	26.26	26.33
Milling .....	233,432	199,341	2.20	2.35	7.01	7.26
General mine expense .....	348,682	296,846	3.30	3.50	10.47	10.82
Administration expense .....	56,123	58,890	.53	.69	1.69	2.15
<b>TOTALS</b> .....	<b>\$1,668,180</b>	<b>\$1,425,858</b>	<b>\$ 15.76</b>	<b>\$ 16.82</b>	<b>\$ 50.09</b>	<b>\$ 51.96</b>

### ORE RESERVES

At the start of the year 1965 estimated ore reserves totalled 333,300 tons with a grade of 0.329 ounces per ton. Mining operations during 1965 have demonstrated that a large percentage of this tonnage can no longer be mined at a profit.

Future mining on a salvage basis will be concentrated on higher grade sections of these reserves.

No new ore was developed during the year.

It is estimated there remain approximately 85,000 tons of this high-grade ore which will be treated during the current year. Milling of this should result in a small operating profit.

	January 1, 1966		January 1, 1965	
	Tons	Gold at \$35 per oz.	Tons	Gold at \$35 per oz.
Broken ore .....	22,492	\$ 11.94	10,650	\$ 11.86
Recoverable ore .....	56,530	11.62	322,650	11.50
Shaft and surface pillars .....	49,700	14.60		
Remnant and sill pillars .....	86,198	10.57		
<b>TOTAL</b> .....	<b>214,920</b>	<b>\$ 11.90</b>	<b>333,300</b>	<b>\$ 11.51</b>

## **MINING**

In spite of the industry-wide shortage of trained miners, a 25% increase in tonnage over the previous year was achieved.

Stoping production amounted to 101,107 tons or 96% of the total tonnage mined. The remaining 4,747 tons were obtained from development raises.

The No. 3 shaft area was re-opened and two stopes brought into production on the 3000 level.

## **DEVELOPMENT AND EXPLORATION**

### **UNDERGROUND**

Lateral development was confined to 140 feet of drifting in iron formation on the 2750 level, a 366-foot drive on the 3800 level and 134.5 feet of drive to intersect the bottom of No. 1 shaft on the 3000 level.

Two exploration raises, 147 feet in 701W and 233.5 feet in 2901E were driven but did not develop any ore.

Ore raises totalling 657 feet on the 5, 9, 6 and 7 veins were driven to provide access and ventilation.

### **DIAMOND DRILLING**

Diamond drilling underground totalled 6,878 feet compared with 18,237 feet the previous year. The only intersection of interest was one of 0.72 ounces over 1.4 feet on the downward extension of the No. 1 vein on the 3800 level.

## **CONSTRUCTION AND PLANT**

Underground construction was confined to the installation of a water-tight door on the 3000 level to control water and sludge from the bottom of No. 1 shaft and the installation of a 36-inch ventilation fan on the 2900 level to ventilate the No. 4 shaft area.

On surface, one bunkhouse and several houses were renovated.

An addition to the oil-fired boiler house and the purchase and installation of a 100 HP oil-fired boiler was necessary because of the destruction of an electric boiler and building by fire.

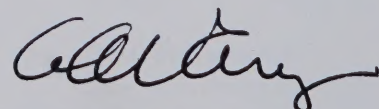
## **GENERAL**

The shortage of labour was again a serious problem, but an active recruiting programme coupled with a substantial increase in wages and a revamped bonus system made it possible to attract sufficient good labour to increase production with only a minor increase in costs.

The average number of employees for the year was 192 of whom 100 were underground.

I wish to express my appreciation to the directors for their guidance and to the mine department heads, their staffs, and crews for their loyal co-operation.

Respectfully submitted,



G. A. VARY

Mine Manager

June 1, 1966







